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**IN THE UNITED STATES BANKRUPTCY COURT  
FOR THE DISTRICT OF UTAH, CENTRAL DIVISION**

In re:  PLAY BEVERAGES, LLC,  Debtor.	Bankruptcy Case No. 11-26046  Chapter 11  Honorable Joel T. Marker  [Filed Electronically]
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**PLAYBOY ENTERPRISES INTERNATIONAL, INC.'S  
STATEMENT REGARDING PETITIONING CREDITORS' PENDING MOTION TO  
RE-CONVERT TO CHAPTER 7 [Docket No. 338] and U.S. TRUSTEE'S PENDING  
MOTION TO CONVERT OR FOR DISMISSAL [Docket No. 343]**

Consistent with statements made on the record during the hearing on November 30, 2012, and in light of the Court's ruling on November 27, 2012 on Docket No. 372, Playboy Enterprises International, Inc. ("Playboy") reaffirms that it is not a moving party with regard to (i) Petitioning Creditors' motion to re-convert to a chapter 7 proceeding [Docket No. 338] or (ii) the U.S. Trustee's Pending Motion To Convert Or For Dismissal [Docket No. 343] (collectively, the

“Motions to Convert”). At the hearing on the Motions to Convert on December 5, 2012 (the “Hearing”), Playboy will not urge for the entry of an order either granting or denying the two Motions to Convert. To this end, Playboy does not intend to offer evidence, ask for the admission of any exhibits or deposition testimony, examine witnesses, or otherwise participate during the Hearing in support of, or in opposition to the Motions to Convert. Playboy reserves all rights to proceed with a presentation on all substantive matters in the Chicago Action<sup>1</sup> or otherwise before a court located in Cook County, Illinois, including without limitation presentation of the substantive merits of Playboy’s position that the Standstill Stipulation and this Court’s related order bar debtor Play Beverages, LLC (“Debtor”) and its affiliate CirTran Beverage Corp. (“CBC”) from re-filing claims that previously were asserted in the now-dismissed adversary proceeding (Adversary Proceeding No. 11-02599). (See Playboy “Enterprises International, Inc.’s Motion to Enforce Court’s Prior Order [Docket No. 218],” (the “Motion to Enforce”) [Docket No. 372] and the Court’s oral ruling of November 27, 2012.)

Playboy’s position is premised upon the understanding and belief that this Court has not made, and does not intend to make at the Hearing, any determinations relating to any allegations, positions, or issues relating to the Motion to Enforce or the merits of the claims/counterclaims in the Chicago Action. The Motions to Convert relate only to issues relating to what relief, if any, the Court may determine to be “in the best interests of creditors and the estate” within the meaning of Section 1112 of the Bankruptcy Code, whether such relief is (1) to deny one or both

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<sup>1</sup> The Chicago Action refers to the action filed in the Circuit Court of Cook County, Illinois County Department, Law Division on October 25, 2012, by Debtor and CBC against Playboy and others. The term also includes any other court, state or federal, than this Court that may hereafter hear or make any determinations of Debtor’s and CBC’s claims against Playboy, as well as any other claims or actions asserted by any of the parties to the Chicago Action which relate to the claims and counterclaims arising out of or relating to the Chicago Action.

of the Motions, (2) to convert this case to a case under chapter 7 of the Bankruptcy Code, (3) to dismiss this case, (4) to appoint a trustee under Section 1104(a) of the Bankruptcy Code, (5) to appoint an examiner, or (5) to provide such other relief, if any, the Court may find to be in the best interests of creditors and the estate, with any determinations made only in light of the purpose of the Hearing. (*See* Section 506(a) of the Bankruptcy Code).

DATED this 4th day of December, 2012.

**STOEL RIVES LLP**

/s/Danny C. Kelly

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